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NEA FOR FRONT OFFICE; NEA/IPA FOR  
WILLIAMS/GREENE/WATERS/WAECHTER; NEA/RA FOR CLAWSON; NSC  
FOR ABRAMS/DORAN/LOGERFO; TREASURY FOR NUGENT/ADKINS; USAID  
FOR BORODIN, USDA FOR HUDAK

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TAGS: [ETRD](#) [EIND](#) [EAID](#) [PREL](#) [KWBG](#)

SUBJECT: TULKARM INDUSTRIES FACE BARRIERS TO MOVEMENT AND  
TRADE

¶1. (SBU) Summary: In a June 21 meeting with the Consul General and NEA/IPA Director, Tulkarm business leaders and the Acting Governor described how restrictions on the internal and external movement of persons and goods in the West Bank had precipitated the governorate's economic decline and impeded the growth of key industries, such as textiles and poultry. The business leaders railed against the closures that now shaped their investment decisions and often prevented them from traveling outside of the West Bank to close key business deals. They noted that the USG-funded scanners were not being used at the crossing. (Note: ConGen will report septel on the status of the scanners at the West Bank/Gaza crossing points. End Note.) End Summary.

Small governorate, big pains  
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¶2. (SBU) Acting Governor of Tulkarm Rafat Balawi, Director General of Palestinian Poultry Company (PPC) Abdel Al-Fattah Odeh, and Badran Textile Company President Yosef Badran briefed the Consul General and NEA/IPA Director June 21 on how Israeli-imposed controls are damaging the Tulkarm economy. Tulkarm governorate's 176,000 residents rely on agriculture, trade with Israel, and services provided to other West Bank governorates, Balawi said. The higher costs of agricultural inputs and tighter closures have dissuaded farmers from exporting. The current economic choke-hold had translated into losses of NIS 7 million (USD 1.6 million) daily. Local service providers were also suffering without visits from Israelis, who used to travel to the West Bank to fix their cars and shop, prior to the Intifada. Restrictions in movement undermine investment  
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¶3. (SBU) Odeh said Israeli restrictions on movement of people and goods are shaping investment decisions for many industries in Tulkarm. The PPC Board of Directors had approved the building of a poultry slaughterhouse in order to integrate their operations vertically. However, actual construction of the slaughterhouse has been delayed because of problems finding a location not plagued by barriers to movement, and thus easily accessible to farmers throughout the West Bank. Odeh also noted delays at checkpoints endangered PPC deliveries of day-old chicks from its hatchery to West Bank farmers since the chicks can only be in transit for 8 hours. Odeh asserted that Israeli distributors do not experience similar problems, as they can easily access

Palestinian markets on the road networks in the West Bank that is restricted for Israeli use. Odeh suggested that Palestinians manufacturers should have access to these roads.

Odeh commented that he had passed six checkpoints (three were flying checkpoints) in traveling from Ramallah to Nablus recently, whereas before January 2006, there had been only one checkpoint at Zaatarah.

Trade is going nowhere due to restrictions  
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¶4. (SBU) Odeh opined that the Israeli-imposed security restrictions are non-tariff trade barriers. He said he was unable to import grain for feed-mills directly and must go through Israeli agents, who often run out of stock. Odeh said the company has built silos, valued at JD 1.8 million (USD 405,000) to store grain ordered directly, but these silos were currently standing empty. (Note: Odeh had hoped to work with US NGO ACDI/VOCA to purchase U.S. grain monetized under the Food for Progress program, but the program had not been selected by USDA. End Note.)

¶5. (SBU) Badran stated that although he had had successes in the past exporting textiles to name-brand importers in the U.S., Europe, Jordan, and the Arab Emirates, Israeli delays at the nearby Tulkarm/Sha'ar Ephraim crossing had made it difficult to compete with Chinese textile manufacturers. He also lamented that Palestinians had to regularly remove high-quality merchandise from the vehicles and put them on the ground to be inspected by dogs.

¶6. (SBU) Badran noted that Palestinian exporters, unlike Israeli exporters, had to provide a unified tax invoice at the crossing each time they exported goods from the West Bank. He said such invoices should be collected monthly, not for each shipment.

Need for permits for business people and laborers  
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¶7. (SBU) Both Badran and Odeh commented that the lack of permits for the business community and laborers is detrimental to the Tulkarm economy. They argued that business people should have long-term permits to travel to Israel, in order to conduct business. Badran asserted that members of the business community should be allowed to travel through Ben/Gurion Airport, rather than travel to Jordan each time to go overseas. In addition, he and the governor said that more Palestinian laborers should be given permits to work in Israel, as this would greatly help the economic situation in Tulkarm. (Note: According to Balawi, 400 workers presently enter Israel from Tulkarm. End Note.)  
WALLES